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September 1, 2004

HAND DELIVERED

Arizona Corporation Commission
Utilities Division – Docket Control
1200 W. Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

SEP - 1 2004

DOCKETED BY	<i>CAJ</i>
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Re: UniSource Energy Services Progress Report
Docket Nos. E-01032C-00-0751, G-01032A-02-0598, E-01933A-02-0914, E-01032C-02-0914, G-01032A-02-0914
A.C.C. Decision No. 66028

Pursuant to A.C.C. Decision No. 66028, UniSource Energy Services ("UES") files this progress report on the negotiations to restructure the Pinnacle West Capital Corporation ("PWCC") Power Supply Agreement ("PSA").

UES has continued its dialogue with PWCC on renegotiating the existing PSA but has not yet seen market conditions that would provide a benefit to its customers. UES will continue to evaluate other supply options and contract structures in order to take advantage of opportunities as they are presented.

Very truly yours,

LEWIS AND ROCA LLP

Thomas H. Campbell

cc: Ernest Johnson, Utilities Division Director
A.C.C. Compliance Manager
All Parties of Record

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